

MASSACHUSETTS Commonwealth Procurement News (CPN)

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STATE PURCHASING AGENT UPDATE

Welcome to the first issue of "Commonwealth Procurement News" (formerly OSDiscussions). I was recently appointed by Governor Romney as the new State Purchasing Agent at the Operational Services Division (OSD) and, as such, this is an opportunity to introduce myself and to preview some of the changes currently underway at the OSD. The theme of this issue is "Cost Savings" and the articles identify ways that your department can save money, by either re-assessing your current contractual arrangements (such as in the highly competitive world of telecommunications and ITT09) or by taking advantage of lower prices that OSD has negotiated in new or existing statewide contracts (such as the new copier, printer and facsimile contract – OFF16).



Ellen Bickelman, State Purchasing Agent

Staff at OSD are committed to ensuring that statewide contracts are available to support your business needs. To those departments that rely on statewide contracts to conduct their business, OSD's priority is to procure and establish contracts that represent best value and generate cost savings. For public entities that are not currently purchasing off statewide contracts, OSD will be working to better understand what commodities and services you need and discuss how OSD's current contracts may save you time and money. We will also use this opportunity to help identify those additional commodities and services that should be procured by OSD in the future to better address your business needs.

In the coming months, OSD will be implementing important changes in the way that we procure goods and services on statewide contracts. Some of the changes being planned are summarized in the recently completed report that OSD submitted to the House and Senate Committees on Ways and Means on January 26, 2005 in response to Fiscal Year 2005 Outside Section # 277. Copies of that report can be found at www.mass.gov/osd under the "News and Updates" section. Once these changes are implemented, there will be fewer statewide contractors as a result of OSD conducting more aggressive negotiations with bidders around price and best value. When there are opportunities to save money by aggregating purchasing and conducting reverse auctions, OSD will manage that process. Contract information and prices will be more easily available on Comm-PASS and we hope to be more responsive to customer inquiries by having contract support staff dedicated to specific procurement groups.

It is important for us to remember that OSD statewide contracts are only successful if they meet the needs of your departments. Therefore, we appreciate your participation on OSD procurement management teams and will continue to rely on your guidance as subject matter experts. If you have suggestions or comments, I can be reached at Ellen.Bickelman@osd.state.ma.us. Thank you for your continued support.

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PAGING SERVICES COST CUT

WITH RENEWAL OF STATEWIDE CONTRACT ITT08 - Gloria Harris

Customers who lease Verizon Wireless pagers will see reduced rates for their equipment with the contract renewal prices effective through January 26, 2006. Verizon has cut its monthly lease rates by over 30 percent for the numeric one-way messaging pagers and over 50 percent for the alphanumeric devices. Also Verizon's local and statewide coverage service areas are now combined which means customers will have the advantage of wider service coverage at reduced prices.

To streamline billing, Verizon will no longer charge individual pagers within a group account monthly but will charge one monthly charge for the group account. Also, Verizon's old rates for 2-way messaging rates had call counts. The new rates feature "Unlimited Text Messaging" which translates into cost savings for the end user because they will never get charged for overcalls.

The other two vendors on ITT08 are Skytel and Arch and they kept their lease rates steady with the contract renewal. Below is a quick comparison of the vendors' lease rates. The complete ITT08 contract information can be accessed @ www.comm-pass.com under ITT08 contract. The vendors' cost tables are located under the vendor tab of the contract document:



ITT08 Monthly Lease Rates

	Arch		Skytel		Verizon	
	Local/ Statewide	Regional/ Nationwide	Local/ Statewide	Regional/ Nationwide	Local/ Statewide	Regional/ Nationwide
1-Way Messaging						
Numeric (500 calls per month)	\$3.50/ \$3.59	\$10.95/ \$14.95	Customized/ \$6.95	\$19.18/ \$19.18	\$2.25/ \$2.25	\$14.00/ \$14.00
Alphanumeric (80 characters per message)	\$6.95/ \$6.95	\$25.95/ \$25.95	Customized/ \$10.95	\$29.34/ \$29.34	\$4.50/ \$4.50	\$15.95/ \$15.95

INFLUENZA VACCINE BRIEF - Brian Putnam

On October 5, 2004 the British Government shut down Chiron's vaccine manufacturing plant in England. That precipitous action eliminated 1/2 of the Nation's influenza vaccine supply and all 470,000 doses of influenza vaccine that the Massachusetts Immunization Program (MIP) had ordered from the State's contract with McKesson to immunize adults. MIP supplies the influenza vaccine to free public health flu shot clinics held in the Cities and Towns of the Commonwealth each fall. OSD immediately began discussions with Aventis Pasteur, the only other company licensed to manufacture influenza vaccine for the US market, to establish a supply and a

favorable price. Aventis Pasteur had bid on RFR MED28 in February 2004 but had not received the contract to supply influenza vaccine, because their price was higher than McKesson's.

Through careful negotiations, OSD convinced Aventis Pasteur that agreeing to their February 2004 bid price of \$78.20 per 10 dose vial with a 2% 30 day prompt payment discount was the honorable thing to do. At the time of the negotiation Aventis Pasteur's normal selling price was \$85.00 per 10 dose vial. Aventis Pasteur had no legal obligation to offer the Commonwealth a discounted price and with demand greatly

exceeding supply few companies would have agreed to do so. OSD had an interim contract in place with Aventis Pasteur within 10 days of the closure of Chiron plant. A price that was \$0.68 dose lower than Aventis Pasteur's normal selling price combined with the 2% prompt payment discount produced a cost saving of \$362,000. Also while other States were still struggling with bureaucratic procedures the Commonwealth was receiving its vaccine. The Massachusetts Immunization Program ultimately purchased 477,340 doses from the MED28 contract.



THE COST OF TELEPHONE SERVICE IS GOING DOWN! - Richard Mordaunt

OSD recently negotiated price decreases with Verizon for local toll and long distance services. These are estimated to save the Commonwealth more than \$400,000 per year based on past usage. The price decreases for the most commonly used services are:

Local toll -29%

Long distance -38%

Interstate 800 service -41%

Intrastate 800 service -31%

These savings will start automatically after tariff approvals, estimated to be in March 2005.

OSD is also negotiating new services and price decreases from AT&T and you may soon see competitive local services available from AT&T.

Here is an example of price decreases that OSD expects to announce soon:

Long Distance – 33%

Interstate 800 service – 48%

There is significant competition on the ITT09 contract for telecom services. It may be worth checking this contract on Comm-PASS for the latest prices and do a cost comparison based on your particular usage. Contract prices are on Comm-PASS under the Vendor tab for each contractor. The latest updates will be published there. Many contractors will do a comparison for you at no cost!

Do you purchase cell phone service? OSD has contracts with AT&T Wireless, Verizon Wireless and Nextel. All three offer very competitive rates. We did a cost comparison recently of Nextel services to make sure we

have the best possible rates. We compared the Nextel rates between Massachusetts ITT09 and WSCA (a consortium of 15+ states) contracts. We found the following:

Overall MA pays 7% less than WSCA with 5% of the difference attributable to a NSP250 maintenance plan that the Commonwealth receives at no additional cost! Other cellular companies offer significant savings also.

Here are other recent cost savings contract features that you must request:

If you're not an executive branch department and you use individual local phone lines (often referred to in telecom jargon as 1MB or ALS lines), you can get a price decrease from Verizon just by asking! Request the 24 month no commitment plan and savings today is \$12 per line per year. On 7/1/05 the standard price will go up but the contract price stays the same! Savings will then be more than \$24 per year per line. How many lines do you have?

If you have individual 1MB or ALS phone lines, have you ever considered Centrex for local service instead? The cost is only \$12.75 per month which is the lowest price I have seen for individual phone lines anywhere. See contract document number ITT18 on Comm-PASS for more information.

Any questions? Call your local provider or contract Dick Mordaunt. Email Richard.mordaunt@osd.state.ma.us or call 617-720-3302.



AUDIT RESULTS OF THE PRIME GROCERS CONTRACT (GRO14)

- Betty Fernandez

After the initial audit of the US Foodservice Prime Grocers contract identified a credit of \$257,000 owed to Commonwealth Departments, the Food Procurement Management Team authorized an on-going audit of the Prime Grocers (GRO14) contract for both contractors, US Foodservice and PFG Springfield. The Food PMT authorized Fitz, Vogt and Associates (FVA) currently on the Program Evaluator for Food, Grocery & Related Service (GRO15) statewide contract to monitor food and non-food pricing for both contractors on a monthly basis. The on-going audit since beginning in September, 2004 has ensured that contract pricing, brand and pack sizes are in compliance with the terms of the contract. The Food PMT is pleased to announce that in most areas, contractors have been complying, but there have been additional credits found owed to Commonwealth Departments. Each contractor will be notifying those departments who will be receiving these additional credits. Departments that are receiving credits will be able to apply the credits to both food and non-food items. The Food PMT strongly encourages departments that have been notified of available credit to use these credits up immediately. If departments experience any problems with obtaining these credits or if you need additional information regarding the available credits, please contact Betty Fernandez, Procurement Manager, 617- 720- 3133 or E-mail: Betty.Fernandez@osd.state.ma.us.

WHO ARE THE COMMONWEALTH'S BRIGHTEST BULBS? - Marcia Deegler

Paraphrasing on an old joke, the OSD EPP program recently researched the question, *"How much does it cost for a state employee to change a light bulb?"* The answer is, for the smart buyer it will cost over 50 to 90% less than it used to. In Fiscal Year 2004, the smart buyers across the Commonwealth purchased over 6500 compact fluorescent light bulbs (CFLs) which are just as bright but have a longer lifespan and smaller energy consumption. As a result, they saved \$140,000 in the first year and over \$625,000 before they had to replace those CFLs!

Well, you may say, everybody knows that at the purchase point CFLs are more expensive than regular incandescent bulbs. Where are these savings coming from? The answer is twofold:

- o CFLs consume 3 or 4 times less energy than incandescents cutting the lighting energy bill by just as much.
- o CFLs also "live longer," about

10,000 hours each compared to the 1,000-hour lifespan of a traditional incandescent. This



means 10 times less bulb replacement work and staff time freed up to do more productive things.

Based on the results of the Energy Star Savings Calculator avail-

able on the Energy Star website (www.energystar.gov) the payback period for the extra purchase price of a twist-on CFL is just about 2.5 months! Some of the assumptions behind this figure are the electricity rate of \$.10, labor rate for changing the bulbs of \$20/hour, and the bulb "on" time of 10 hours/day.

Your electricity rate may be lower and you may not have those light bulbs on ten hours a day, but in any case there are better things for your employees to do than replace them. Save them the headache and some money for your department. FAC22 statewide contractors also offer programs that provide utility rebates on certain types of compact fluorescents and light fixtures. Talk to them about compact fluorescents or schedule a free facility audit to generate even more savings. The brightest bulbs in the Commonwealth belong to the smart buyers!

HEATING OIL CONTRACTS BRING VALUE TO CITIES AND TOWNS

- James Ferri

The Operational Services Division established two new heating oil contracts this fall:

ENE22-No.2 Heating Oil and ENE24 No.4 & No.6 Residual Fuel. The No.2 Heating oil contract is used by a majority of small facilities and public schools. The residual fuel contract is used by large institutions such as the Department of Corrections, Colleges and Public Hospitals and Health Care facilities for use in their centralized power plants. OSD has been working through a number of transition issues with these contracts especially with automatic delivery accounts. The relatively mild initial winter and number of new vendors have caused some initial transition issues.

In addition to executive agencies

a large number of cities and towns have elected to use the No.2 Heating Oil contract to save both time (no separate bid process required) and take advantage of the savings offered. OSD has also been able to help some schools take advantage of the Truckload (8,000 gallon or more) pricing discount. A specific example of this is the North Attleboro school system. The North Attleboro school system required deliveries that were in the 7,000 - 7,500 gallon range for five of their schools. This was below the 8,000 truckload pricing for delivery to a specific site in the current No.2 Oil contract. After discussions with the vendor for Zone 2, North Attleboro will be given truckload pricing for all deliveries over 6,500 gallons. This

represents an additional savings of \$698 per delivery. For the five schools that will receive delivery this represents a total savings of \$3,490 on delivery day. This is another value added feature of this contract.

The Residual Fuel bid process included the use of a Best and Final Offer to drive the differential pricing down. This contract was awarded to two vendors (Sprague Energy and Global) who provided very aggressive discounts off the market-based indexed used. The projected savings over the former contract is expected to be approximately \$787,000 annually.

Questions regarding these contracts can be directed to Jim Ferri, PTL energy at (617) 720-3168.

WHY PURCHASING FROM M/WBES IS COST EFFECTIVE

The notion that doing business with Minority- and or Women-Owned Businesses (M/WBE's) may be more expensive is a thing of the past. In fact, when Affirmative Market Program participating state entities were recently surveyed, a majority indicated a high level of satisfaction with the services received from M/WBE's and consensus that they saved money.

The Resource Connection, Inc., New England Office Supply and Lasertone are examples of Affirmative Market Program participants and Massachusetts companies that are making your procurement decisions easy by not only reducing costs but also assisting departments in meeting fiscal year AMP spending benchmarks.

The Resource Connection, Inc. (TRC) is a full service staffing company providing temporary help services, specializing in office support and administrative personnel. Founded in 1987 by Janet Santa Anna and Sallyann Tomarchio, TRC is a certified, women-owned and managed company, headquartered in Middleton, with a branch office in Boston. The Resource Connection provides temporary help services to state entities under PRF 15. This current contract (PRF 15) offers cost savings to state entities by offering an early payment discount and reasonable rates without sacrificing quality service. According to Ms. Santa Anna, "Good business is when the customer receives exceptional service at a reasonable rate. The staffing business is very competitive; however, it is possible to allow state entities cost savings. One of the ways we do that is we offer prompt payment discounts and work with each customer to work within their budgets. The key is to understand the customer's business as well as you understand your own."

Another AMP Vendor is New England Office Supply, (NEOS) a ten-year old, Braintree based, certified minority-woman-owned busi-

ness enterprise. NEOS has become, according to Patricia Vacca, Manager of Associations, "the preferred single-source supplier for many of the businesses in this area addressing all their needs in the same basic fashion: find what they need in less time, deliver it quickly- without error, and save them money on processing costs by delivering everything they need with one order, one shipment, one invoice." To save Commonwealth customers even more money, NEOS has an Online Ordering System that pro-

vides complete control of the order process saving time, saving money, increasing productivity and improving cost efficiency. The current contracts that NEOS participates in are the following: OFF-01 office supplies, OFF-03 office furnishings, OFF-04 audio visual furniture, OFF-16 toners.

A third example of certified companies saving the Commonwealth money

under the Affirmative Market Program is Lasertone. As a Massachusetts manufacturer employing 65 people in their Littleton Production facility, Lasertone is committed to delivering best-in-class remanufactured toner, printer service and maintenance programs to the Commonwealth under contract OFF16. According to Arlene Harty, National Account Manager, "Every recycled cartridge is completely disassembled, inspected, and cleaned and rebuilt with components designed to exceed OEM parts standards -- so you get the best performance and quality possible. By purchasing a remanufactured toner cartridge you will be saving an average twenty-five to forty percent over the cost of an OEM cartridge, as well as reducing the amount of plastic and metal in our waste stream."

So don't overlook certified minority and women owned companies on statewide contract when you are purchasing commodities or services. Doing business with these companies can save your agency money and support the local economy.

Don't overlook the many other certified minority and women owned companies on statewide contract when you are purchasing commodities or services. For a complete list of Certified companies on statewide contracts go to www.mass.gov/amp.

REDUCING IT SERVICE COSTS - HOW ITS23 CAN HELP

- Marge MacEvitt

The changes being made in ITS23, the successor contract to the IT Services Contract ITS07, are discussed elsewhere in this issue. This article will highlight how these changes are expected to reduce costs.

1. A more exclusive contract

Sharply lowering the number of contractors and limiting the contract to those who win the initial competition will make ITS23 a more desirable contract from the perspective of potential bidders. This will encourage them to submit proposals which are more competitive and more favorable to the Commonwealth.

2. The Rate Card

A "Rate Card," compiled by an outside company specializing in this area, will be used to cap hourly rates for all time-and-materials engagements conducted under ITS23. The "Rate Card" will be refreshed every 6 months. At a minimum, this will ensure that Agencies are not paying more than the "going rate" for IT Services. Since companies will have to compete within the boundaries set by the Rate Card, the expectation is that those who secure engagements will do so at less than the maximum rate allowed.

3. Competition – Every Time

All engagements under ITS23 will require that Agencies seek at least three quotes. In the case of Staff Augmentation, Agencies will be required to post job openings on Comm-PASS, so that ALL Staff Augmentation companies can submit quotes (there will be approximately 15 companies in this Category).

4. "Very Low Overhead" Staff Augmentation Contractors

There are a number of contractors under the current ITS07 Technical Specialist section which provide staff placements at minimal markups, because they are able to keep their expenses extremely low. These tend to be smaller companies, often without the recruiting personnel employed by larger companies. ITS23 will have a special category for these companies under "Staff Augmentation," with the contract specifically limiting the markup which can be charged.

5. Minimum / Reduced Markup

"Full Service" (as opposed to "Very Low Overhead") Staff Augmentation Companies will be required to specify a maximum markup to be applied to any resource they place with an Agency. The amount of this markup will be part of the evaluation, which should have the effect of lowering costs to the Commonwealth. In addition, Staff Augmentation Bidders are required to reduce their markup by 10% after a resource has been in place with a particular Agency for one year. Bidders offering a larger reduction will be given points in the evaluation. Bidders will also receive points for offering to continue reducing their markup for every calendar year that the resource remains in place. Since there are many fairly long term staff placements in the Staff Augmentation category, savings to the Commonwealth are expected to be significant.

6. Hiring of Contractor Staff

Staff Augmentation Bidders are required to agree that after a resource has been in place with one Agency for a calendar year or more, the Agency may offer the resource a position as an employee or contract employee without paying a fee to the Staff Augmentation company. Points will be awarded to Staff Augmentation Bidders who offer to reduce the time from one year to six months or less. Under ITS07, Agencies often expressed a desire to hire resources directly rather than continuing to pay the Staff Augmentation company indefinitely. Again, this option will result in significant cost savings.

Reducing costs, without reducing quality, is a key goal of ITS23. We will need more input from agencies than has been the case in the past to determine whether this goal is being met, and what steps may be appropriate to improve future contracts.

AUTOMATIC EXTERNAL DEFIBRILLATORS

- Peter M. Sasso

Last year OSD worked on a committee with the Department of Public Safety, EMT professionals and the First Responders Program coordinator on a grant to get more AEDs (Automatic External Defibrillators) distributed to public areas in the Commonwealth. The committee used Statewide Contract HSP18 for Medical Equipment to obtain these units. Special pricing was requested from all HSP18 contractors for the units they represented allowing us to aggregate our purchase in quantities of 1-50, 51-100, 101-200 etc. The distributors sharpened their pencils and sent in aggressive pricing for this equipment. The committee formulated a survey to Commonwealth cities and towns to request the type of AED that they would like and the amount needed. The committee reviewed all the surveys before making a decision and once finalized these units were distributed throughout the Commonwealth to emergency personnel.

The aggregate savings for AEDs in this grant was over \$140,000 with most units reflecting discounts totaling 10% to 24% over the previous year's purchases. This cooperative and competitive approach to procurement saved Commonwealth funds and allowed more AED units to be distributed throughout our cities and towns to emergency personnel. The realization of how effective and important this win-win situation became evident when the following email was received in December from Mr. Michael Raskin, First Responder Coordinator, Brookline Police Department:

"Hello all...just in time for the holidays, thought you would

like to hear about an AED save by the Granby Police Department. The life of a 19 year old male was saved with one of the AEDs distributed as a result of the EOPS AED grant we were working this year and in 2004. Special thanks to Rep. Parente, as I believe she sponsored the legislation".

Thanks to Michael for letting us know how important our purchasing really is. The support and success achieved under this procurement not only saved money but also saved the life of a young Commonwealth citizen. How good is that!



OTHER SAVINGS IN THE MEDICAL CONTRACTS

Managed Health Care Associates (MHA), our Group Purchasing Organization (GPO), that contracted with the Commonwealth to help leverage pricing for medical and surgical commodities under Statewide Contract, HSP20, continues to offer departments better pricing through our distributors for these commodities under the distributor's Statewide Contract, HSP21. The PMT recently completed an analysis of various medical commodities purchased by departments under this contract and the results were very positive. An average savings of 14.3% was identified for 43 items represented in 14 different categories. Some commodities under this contract have been reduced by 182%, 127%, 123%, and 114% for even greater savings. There is no question that having a GPO contract in place has allowed departments to know in advance what their base cost is and which distributor to use having the best mark-up over their cost. The projected savings for the Commonwealth in FY 2005 is \$97,800. and should increase as departments identify additional commodities for aggregate purchasing.

Special thanks to the Hospital PMT responsible for almost 80% of the purchases under this contract and who continue to develop significant savings by discussing standardizing medical items used by multiple departments. This commitment to standardization has already allowed us to aggregate our purchasing power through the GPO who works directly with the manufacturers. The PMT meetings have been focusing on discussing new product groups and commodities which can be evaluated through their product evaluation committees and then coordinated with other departments for continued savings.

If anyone would like to help out in this exciting work on our Hospital or Laboratory PMT, please contact Bill Funk at the Operational Services Division at (617) 720-3329.

NEW OFF16 COPIER, PRINTER AND FACSIMILE EQUIPMENT CONTRACT SAVES MILLIONS

- Bob Guerard

Over the past two years a dedicated group of Commonwealth Employees from Agencies, City/Towns, and Universities came together to create the OFF16 Procurement Management Team (PMT). The goal of the PMT was to develop a contract that would benefit all Commonwealth Entities for the next five years with lower pricing, excellent product selection and the best terms and conditions for the Eligible Entities. The PMT spent numerous months researching and listening to contract users and the manufacturing community to develop a comprehensive contract that not only leveraged the procurement power of the Commonwealth across the photocopier, printer, facsimile and related supplies industries to obtain improved pricing but also allow the procurement professionals the opportunity to better understand the cost per copy, print and fax per page for all equipment on contract. The contract brings to the forefront the cost savings benefits of procuring one piece of equipment that will copy, print and fax instead of procuring potentially two or three pieces of equipment.

Multiple rounds of price negotiations conducted by the PMT resulted in a savings of over \$17.5 million per year for three contractors on the former statewide copier contract in relation to their reduced OFF16 contract pricing. These savings estimates are conservative since the projected annual savings from one copier contractor alone averages 29% less than their previous prices to the Commonwealth, which translates into annual savings of approximately \$14.5 million, assuming the same volume of purchases.

The cost savings for maintenance services associated with 3 contractors under this new contract range from 21% to 47%, or over \$2.2 million per year less than the previous contract prices for the same 3 contractors that were on the former statewide contract. These maintenance savings estimates do not even include the fact that the contracts include equipment warranties greater than the 6 month minimum for photocopiers and greater than the 12 month minimum for printers and facsimile equipment offered by many Contractors. One contractor offered to not only lower their prices for maintenance on new copier acquisitions, but offered all eligible entities with prior maintenance contracts from their previous copier contract the opportunity to reduce maintenance costs for the same model equipment that was awarded under OFF16.

This contract also contains a provision providing the team with the ability to further aggregate anticipated purchase volumes into "Big Buy" purchases in order to acquire even deeper price discounts. Never satisfied, the PMT will be conducting a "Big Buy" purchase in February, 2005 due to the large volume of over 80 machines (combination of 30-35 and 50-55 copies per minute speeds) that one entity is currently in process of leasing. The contractor that the entity chooses will have to offer the reduced pricing to all Eligible Entities for a minimum of 30 days.

For more detailed information search for contract number OFF16 under contracts in Comm-Pass for award information. The PMT believes that cost savings opportunities have no boundaries. You simply have to ask.

If anyone has a question or concern feel free to contact me at 617-720-3321 or via e-mail at robert.guerard@osd.state.ma.us I welcome the feedback.



VEHICLE NEWS

- Ron Whitaker

Reverse Auction News

Invest \$3,000 – Save almost \$200,000!

Hybrid Vehicles VEH58

On Tuesday, February 15, 2005, the Vehicles and Related Services Procurement Management Team (VRSPMT) conducted its fifth reverse auction event, this time for new 2005 Hybrid Vehicles. With an initial commitment of ninety three vehicles, the Commonwealth was looking for the best price on fuel efficient sedans such as the Civic, Prius and Accord as well as a new Hybrid wagon, the Escape, and a Hybrid truck, the Silverado. First, OSD issued a traditional RFR for these vehicles and received prices that were 5.46% below Manufacturers Suggested Retail price and if the team had stopped there, the Commonwealth would have saved \$167,162. But the team had built a reverse auction into the procurement process that required all bidders to compete on price in an on-line auction event. As a result of the reverse auction, the Commonwealth saved an additional \$175,675 or an additional 9.0% over the prices that were submitted before the reverse auction took place. The cost of the reverse auction was \$3,000 and because the RFR required the winners to pay their share of that \$3,000 fee, the cost to the Commonwealth was \$0.

Hmmmm.....invest \$3,000 and generate savings of almost \$200,000. That's an excellent return on investment by any standard!

OSD would like to encourage all departments interested in saving money on large volume commodity purchases to consider using reverse auction technology to drive prices down. The results speak for themselves!

Various Passenger and Light Duty Trucks Gas VEH22

The VRSPMT is planning to utilize a reverse auction, on-line bidding event for this procurement. This contract is the largest vehicle contract for passenger vehicles and light duty trucks. Cost savings should reach into the six figures.

BETTER, CHEAPER TEMPORARY HELP NOW AVAILABLE

-Tess Francisco



The maximum billable rates on PRF15, the new Temporary Help Services Contract, are at least \$1.10 per hour below the Boston/Worcester/Lawrence wages cited in the September 2003 National Compensation Survey.

The National Compensation Survey is a publication of the U.S. Department of Labor's Bureau of Labor Statistics and New England's statistics were released in May 2004.

There are eighteen (18) contractors available for services across the Commonwealth. The OSD Update 05-07 series is posted on Comm-PASS under the contract 'terms' tab within the PRF15 contract. Contractor Comparison Information is posted on the same location to help user entities shop for the best available prices. New to this contract is the obligation for each engagement to have a Purchase Order for Commodities and/or Services Form which is completed and signed (fax

or original signatures) by both parties. This document provides a record for each transaction both to the Department / Eligible Entity and the Contractor of the specific rate and job category under the contract. User entities are encouraged to negotiate down from the maximum billable rates, so the completed Purchase Order for Commodities and/or Services Form provides a written record of the agreed-upon rates. In addition, dates, place of engagement, background checks are documented in this form. This document also is a part of the procurement record for each Department / Eligible Entity, providing an audit feature to the contract. Departments / Eligible Entities may be requested to present completed copies of this form to the PMT at any time during the term of the contract. The Purchase Order for Commodities or Services Form is posted on Comm-PASS under the contract 'terms' tab within the PRF15 contract.



PUBLIC SAFETY PMT UPDATE

—Betty Fernandez

Weapons, Ammunition, Related Accessories And Fire Arm Training and Certification Classes (LAW06)

The Law Enforcement PMT has completed and will be releasing the Request for Response (RFR) for Weapons, Ammunitions, Related Accessories and Fire Arm Training and Certification Classes (LAW06). The RFR will be available for bidders on or before February 2, 2005.

Body Armor Vests (LAW03) Interim Contract

The Law Enforcement Procurement Management Team (PMT)

has also, reviewed and approved the renewal of the interim contract for Body Armor Vest for an additional three months through April 5, 2005. The interim contract for Body Armor Vest was approved by the Law Enforcement PMT until the results of the State of Colorado's solicitation for Body Armor Vests (LAW05), which the Commonwealth has agreed to join, is finalized and approved by the Law Enforcement PMT. For general information, contractors, pricing and

discounts for Body Armor Vests (LAW03) please see OSD Update 02-22E which is available on the Comm-PASS (www.comm-pass.com) web site under the "Forms and Terms" tab.



Once again, if interested in getting involved with any or all of the initiatives mentioned above, or if you have any comments, suggestions or concerns please contact Betty Fernandez, PTL, 617-720-3133 or E-mail: Betty.Fernandez@osd.state.ma.us.

LEGAL RESEARCH CONTRACT

The Office of the Governor's Legal Counsel, the Executive Office of Administration and Finance and the Operational Services Division are in the process of finalizing an agreement with a nationally recognized company to provide legal research services for all Executive Department attorneys and paralegals at no cost to these departments. This 3 year contract will include access to the following electronic legal materials:

- ⇒ All states and federal case law, statutes and regulations;
- ⇒ Massachusetts General Practice, which includes all Massachusetts specific treatises; and
- ⇒ All Law Reviews.

Other electronic legal materials are available for departments to add to their individual attorney's desktop menu at their own department's expense.

Agencies are advised to have their legal counsel review any current legal research contracts that your agency might have in place and, if the terms allow, terminate those agreements.

If you have any questions about this contract, including the already-negotiated pricing for additional electronic materials that you may wish to add to your menu, please contact OSD's General Counsel, Bill McAvoy, at william.mcAvoy@state.ma.us or at 617/720-3327.



MOST FAVORED CUSTOMER CLAUSE - Bill McAvoy

In 2002, OSD started utilizing a public procurement term in all of our statewide contracts which is referred to as a Most Favored Customer Clause. This clause provides an assurance from the statewide contractor(s) that any of their customers of similar size and similar terms and conditions, e.g. another state or private entity buying similar volumes or that are a similar size, etc., can not receive better prices than the Commonwealth does for the same goods and/or services. If the prices that these customers are paying are better than those prices the Commonwealth is paying, then the Commonwealth must also receive those lower prices.

One of the many responsibilities of OSD in managing statewide contracts is tracking and enforcing the Most Favored Customer Clause when we become aware of a statewide contractor(s) offering a lower price to a similar customer. Therefore, as buyers in regular contact with our statewide contractors, when you buy the goods and/or services off of the statewide contracts, if you ever become aware of a statewide contractor providing a lower price to your department (based on your ordering a guaranteed high volume perhaps) or any other similar customer, please contact the appropriate OSD contract manager, so that OSD can secure that lower price for all Commonwealth purchases.

CHANGES TO "A DEAL TOO GOOD TO PASS UP" POLICY

On January 21, 2005, the Operational Services Division issued OSD Policy Guidance 05-11, which announced changes to the "Deal Too Good To Pass Up" provision (described in Chapter 2 of the Commonwealth Procurement Policies and Procedures Handbook).

"A Deal Too Good to Pass Up" recognizes the possibility that departments are, on occasion, approached by companies and presented with a great deal or opportunity which, if rejected by the Commonwealth, could be wasteful or disadvantageous. Examples of situations that might fall under this provision include offers made to the Commonwealth at zero cost, at a cost significantly lower than market cost and deals that would result in payment(s) to a department, such as in the case of removal of recycled materials.

This provision has been modified in order to ensure that it is being used appropriately, that it can only be used when it represents best value to the Commonwealth and only after following the steps which are outlined in OSD Policy Guidance 05-11. These steps include, but are not limited to, a written, detailed request from the agency to the State Purchasing Agent requesting approval to utilize this provision, posting of the "Deal" on Comm-PASS with a reference to "Notice of a Deal Too Good to Pass Up" in the posting, department retention of all related documentation in a procurement file and a review by OSD's Quality Assurance Team of the use of this provision.

OSD believes that this rarely used provision can result in significant savings and represents a "common-sense" approach to procurement, however, OSD must take all necessary steps to ensure that departments are fully compliant with the requirements associated with this provision. If there is only one example of an abuse or misunderstanding of what is required, that has the potential to undermine confidence in the fair, open and competitive requirements of the Commonwealth's public procurement process. Therefore, your adherence to this new policy is imperative.

Please note that this article is only an abbreviated version of the actual official policy change. For a comprehensive explanation of the new policy requirements, please refer to the official policy document at OSD Policy Guidance 05-11 on OSD's website at www.mass.gov/osd.

STAR 2005...ENHANCING COMMONWEALTH PARTNERSHIPS

- Bill Funk

Now in its seventh year the **STAR** (Statewide Training And Resources) exposition is more than selling exhibit space, establishing relationships and offering networking opportunities to more than 2,500 Commonwealth employees each year; it is Enhancing Commonwealth Relationships. The Operational Services Division establishes Statewide Contracts and offers each contractor the opportunity to exhibit at STAR and display their goods and services to attendees. And, for two days every Commonwealth employee can be part of this professional event.

Last year 304 exhibitors participated in STAR 2004 and this year we expect another record year. You don't have to be a procurement person to benefit from STAR. If you attend STAR 2005 you will represent your department and be able to gather information and potentially save your department time and money while increasing efficiency. Enhancing Commonwealth Partnerships starts when *you* interact with the many exhibitors available at STAR each day.



Partnerships are enhanced as you discuss your department's requirements and an exhibitor talks about their Statewide Contract. Consider how much time it would take for you to contact the many exhibitors that are of interest to you and then coordinate separate appointments – very time consuming. STAR allows you to do this under one roof for two days and is centrally located at the DCU Center in Worcester.

STAR is *free* to employees from state agencies, cities, towns, schools, other political subdivisions and human and social service agencies since the event is 100% supported by the sale of exhibitor booths and sponsorships. STAR offers

free Education Workshops that also allows each participant to secure credits for attending. Breakfast is *free*, Lunch is *free* and Parking is *free*. Visit our website at www.mass.gov/star to register as an attendee now and be the first from your department Enhancing Commonwealth Partnerships. Experience STAR 2005!

FACILITIES UPDATES

- Kristal Doherty

The Facilities PMT is working to award a new contract for Outdoor Application Products (FAC24) which will replace contract FAC19. The new contract will be awarded to fewer contractors in an effort to achieve the best value at the lowest possible price for the Commonwealth. The solicitation closes on February 25th and the PMT hopes to make awards within a couple of weeks after this date. This solicitation also served as the pilot for Comm-PASS's on-line bid submission functionality.

The PMT is also in the process of renewing the Industrial/Commercial Equipment and Supplies contract (FAC28) and is seeking to reduce costs through increased discounts or other means from each contractor. Contractors who do not offer to reduce costs through some means may not have their contracts renewed.

The PMT will begin working on a new Moving Services solicitation in February. Again, the intent with this contract will be to reduce the total number of contractors in an effort to obtain the best pricing for the Commonwealth. Anyone interested in working on this procurement should contact Kristal Doherty (contact information below).

For all other Facilities and Environmental Services contract questions or to join the PMT, please contact Kristal Doherty at 617-720-3128 or kristal.doherty@osd.state.ma.us. The Procurement Management Team is encouraging anyone interested in these types of contracts to join us. The PMT meets once a month on the second Thursday of each month to review current contracts and to determine what new contracts should be developed. We welcome all input and participation.

IT SERVICES...GOODBYE ITS07, HELLO ITS23!

- Marge MacEvitt, PTL



ITS23, which will replace IT Services Contract ITS07, expiring June 30, 2005, is a radical change from the past. ITS07 was designed in late 1998. A major goal was to insure as much flexibility as possible in Agency choice of IT contractors. ITS07 has certainly met that goal. During the design of ITS07, one PMT (Procurement Management Team) member raised the possibility that the resulting contract might become ridiculously large and impossible to manage. The rest of the team – which included me, (representing another Agency at the time) - figured that

OSD would just have to cope.

Fast forward to 2005. ITS07 has more than 500 contractors. It *is* impossible to manage, even impossible to keep up with changes to what the Contractors are calling themselves at any given point in time. The ITS07 contractors themselves are in complete agreement that the contract should be smaller, although, of course, each thinks it should include their company.

The PMT charged with creating a successor contract includes decision makers who represent over 50% of the total usage of ITS07 from the Commonwealth perspective. The PMT believes that ITS23 will meet their needs and save them money. The approach taken by ITS23 is consistent with the recommendations made by an outside consulting firm which evaluated OSD's procurement practices.

"The ITS07 contractors themselves are in complete agreement that the contract should be smaller, although, of course, each thinks it should include their company."

Here are the major differences between ITS07 and its forthcoming replacement. ITS23:

1. Will not be a rolling contract. To participate, bidders must provide proposals in the timeframes specified. Proposals will be scored, and a limited number of bidders will be awarded contracts. That will conclude the procurement phase of ITS23.
2. Will be much smaller – approximately 100 contracts will be awarded, as opposed to over 500 current ITS07 contractors.
3. Will be shorter (3 years).
4. The scope will be more limited.
5. A rate card – based on salary data provided twice per year by a company specializing in this field – will cap the hourly rates that can be charged for all time-and-materials work.
6. Agencies will be required to seek multiple quotes for all jobs (under ITS07, this is a recommendation rather than a requirement).

The PMT believes that these and other changes will lead to more cost effective IT services contracting. But, we will need to know how ITS23 working, so that we can make the next procurement as good, or better. To this end, expect more monitoring and insistence on responses to Quality Assurance initiatives. For more information on coming changes, see the documents posted under Solicitation number ITS23, at www.comm-pass.com.

And fasten your seatbelts.

Coming Soon

A FRESH LOOK TO GO WITH A NEW START

OSD UPDATES ITS WEBSITE

In March 2005, you will see a fresh new look to OSD's website. OSD has been working with the Mass.gov team to integrate the portalized OSD website into the current modular design which is more user-friendly and "transactions-based". You will see less text and more action so you can get in, find what you need and go on to the rest of your day. Although you might say, "Didn't you just do that?" believe it or not, it has been a full two years (a veritable lifetime in technology years) since OSD converted to the portal. Since that time, the design, as well as the supporting technology, have been streamlined and improved. We hope you will find the new look easy to use and informative.

Operational Services Division

Mass.gov

Mass.Gov Home State Government State Online Services

Purchasing Agent

[Ellen Bickelman](#)

Online Services

- Comm-PASS
- Subscribe to Comm-PASS
- Register for STAR
- Login to Comm-PASS
- Search for solicitations and contracts
- Uniform Financial Reports

Programs & Services

- Procurement Access & Solicitation System (Comm-PASS)
- Non-Profit Purchasing Program
- Surplus Property Program
- Affirmative Market Program (AMP)
- Printing Services
- Training
- Quality Assurance
- Special Education Pricing
- Office of Vehicle Management (OVM)
- Environmentally Preferable Products (EPPs)

Local Government [more](#)

Choose a community [Go](#)

Find resources in your community

BE A HEAT MISER THIS WINTER

Complete contract information can be found by entering the referenced *Document Number* in the Contract Search page available at <http://www.commm-pass.com>

Sell to the State
Purchases, Getting listed, Solicitations, Notifications, more...

Buy off a Contract
Purchasing process, Eligible entities, What state buys, Surplus property, more...

Conduct a Procurement
Policies and regulations, Considerations, Management team, Posting and updates, more...

News & Updates

- Comm-PASS press release [Word](#)
- AMP Fall Newsletter [PDF](#)
- AMP vendor RFR workshop
- OSDiscussions [PDF](#)
- Back issues of OSD Discussions [Word](#)

[More...](#)

Publications & Reports

- Crosswalk of Old Statewide Contract Numbers to NewMMARS Statewide Contract Numbers [Excel](#)
- MMARS Policies and Guidance - OSD Update 04-23 [PDF](#)
- Procurement Policies and Procedures Handbook (pdf) [PDF](#)

Related Links

- Executive Office for Administration and Finance

Internet

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We're on the Web...
www.mass.gov/osd

The Operational Services Division (OSD) facilitates and audits the acquisition of commodities and professional, general, human and social services.

These acquisitions support the socio-economic goals of the Commonwealth, including disadvantaged business, environmental, and other programs that are in the best interest of the Commonwealth.

Additionally, OSD has the responsibility for the administration of printing, fleet operations and surplus property disposition.

VEHICLE HAPPENINGS - Ron Whitaker

Alternative Snow & Ice Products VEH66:

This contract will contain non-traditional snow and ice products not available on other Commonwealth road treatment contracts. Some of the non-traditional products available through this contract should not only help the environment but could also generate cost savings.



Motor Oil Re-refined Antifreeze and Other Lubricants VEH67:

This contract has been extended through mid April 2005. The VRSPMT will review the potential of this bid as an On Line Bidding Event (Reverse Auction) which could lead to cost savings. Additionally, the VRSPMT is considering combining Motor Oils Re-refined and Other Lubricants into one category with one vendor. It is believed that this will help produce cost



savings for the Commonwealth. The team plans to release the new RFR by the first of March 2005 or sooner.

Tire & Tubes, New & Retread VEH21:

The contract has been extended through October of 2005. An OSD Update will be published to the CommPASS website.

Aluminum Sign, Blanks VEH50:

The contract has been extended until December of 2005. Two new vendors have been added to the contract.

If you are looking for an active role in making a difference in the state-wide procurement process, then the VRSPMT is for you. You may contact the Procurement Team Leader, Ronald L. Whitaker at 617-720-3112 or via email at Ron.Whitaker@osd.state.ma.us. Happy and safe driving!

